

FOR IMMEDIATE RELEASE  
February 11, 2011

Contact: Cody Oliphant  
Phone: (608) 204-0677

## Walker Concocts ‘Scoop and Toss’ Borrowing Scheme to Pay for \$140 Million in Special Interest Spending

*Wall Street Bond Holders Win; Wisconsin’s Long-Term Debt Rises*

Madison – Republican Gov. Scott Walker plans to pay for \$140 million in new special interest spending signed into law in January by extending the state’s long term debt in a “scoop and toss” refinancing scheme that will cost untold tens of millions of dollars in additional debt for Wisconsin.

“Scott Walker railed non-stop against budget gimmicks as a candidate and now as governor he’s put together a scheme that would make a pay-day lender blush,” said Scot Ross, One Wisconsin Now Executive Director. “Gov. Walker created this problem by handing out \$140 million in special interest spending to his corporate pals and he’s going to make our children pay for it by taking loans the state was ready to pay off and borrow more money on them.”

Walker is refusing to provide full accounting of how much in additional costs his “scoop and toss” scheme would cost taxpayers down the road. Since his inauguration in early January, Walker has approved \$140 million in new special interest spending that includes:

- \$25 million for an economic development fund for job creation that still has \$73 million due to a lack of job creation. Walker is creating a \$25 million hole which will not create or retain jobs. [Wisconsin Legislative Fiscal Bureau, 1/7/11]
- \$48 million for private health savings accounts, which primarily benefit the wealthy. A study from the federal Governmental Accountability Office showed the average adjusted gross income of HSA participants was \$139,000 and nearly half of HSA participants reported withdrawing nothing from their HSA, evidence that it is serving as a tax shelter for wealthy participants. [Government Accountability Office, 4/1/08; Wisconsin Legislative Fiscal Bureau, 1/11/11]
- \$67 million for a tax shift plan, so ill-conceived that at-best the benefit provided to job creators would be less than a dollar a day per new job, and may be as little as 30 cents a day. [Associated Press, 1/28/01]

Walker made numerous statements before and after his election as governor criticizing borrowing schemes as a means of balancing the state’s budget, a sample of which includes:

Soon, we will lay out our plans for the next state budget and we will successfully tackle the three billion dollar deficit. We will do it without raids on segregated funds, or excessive borrowing. [Walker Inaugural Address, 1/3/11]

I throw out a couple examples of things we pointed out there to get this next budget intact to make sure we don’t do what the governor has done the last couple of times, which is kick the can down into the future and create even bigger budget deficits we got to get our legacy costs under control. [Walker-Neumann Debate, 8/25/10]

Our budget repair bill will lay the foundation for a structurally sound budget that doesn't rely on short-term fixes and other gap measures that only delay the pain and create perilous uncertainty. [Walker State of the State Address, 2/3/11]

In addition to not disclosing how much more this will cost the taxpayers in the long-run, Walker has not released how much the Wall Street firms and bond lawyers will profit off this deal.

"Gov. Walker's unprecedented power grab is turning his office into the state's largest lobbyist waiting room," said Ross. "Wisconsin deserves to know immediately the long-term cost of this borrowing scheme and what Wall Street firms and bond lawyers stand to make from our tax dollars."

# # #

*One Wisconsin Now is a statewide communications network specializing in effective earned media and online organizing to advance progressive leadership and values.*